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Brussels, 19 February 1990

FLYING EASTWARDS

Excerpts from opening address by Karel Van Miert,
European Commissioner for transport, to the International Conference
on East West Civil Air Transport, Paris 19 February 1990

"With the ongoing developments in Eastern Europe, I think there is reason to reconsider the present bilateral relations between EEC Member States and the individual countries in Eastern Europe." This was the message Mr Karel Van Miert had this morning for the East West Civil Air Transport Conference, organised in Paris by the International Chamber of Commerce.

"It is not our policy to limit ourselves to the EEC market. If other countries are willing to join our air transport policy they are welcome to do so because I believe that it is in the interest of the consumers and of the airlines to operate in an environment where government interference is limited and a multilateral framework replaces the traditional bilateral system."

It is striking that five national airlines of EEC Member States have no services at all to and from Comecon States. It is also striking that the bilateral capacity shares are either 100/0 which means that only one of the two partners is operating or 50/50 which means that the capacity is strictly shared between the two carriers operating on the route.

The economic development in Eastern Europe and the closer cooperation between East and West will undoubtedly result in increased traffic demand for business travel. Also in the leisure market the indications are positive. Many people from Western Europe intend to see with their own eyes what they have seen on television so many times and they plan their holiday in Budapest or Prague, or one of the other beautiful cities in Eastern Europe."

"At this moment in time, we have to recognize that there are important differences in market orientation, in cost structure, in government influence and in competitive position between carriers from West and from East Europe. These differences have to be taken into consideration when discussing changes in the bilateral system."

"At a first stage there are several issues, so-called "soft rights", which merit discussions such as:

- the development of mutually accepted rules on the use of Computer Reservation Systems setting a framework for the unbiased operations of these systems in Europe;
- also the question of the establishment of local sales offices and the representation of the airlines by their own staff is an issue which should be discussed without much delay;
- ground handling facilities is a third subject where discussions can be useful;
- a fourth subject to be discussed at a first stage could be the development of tourism. I have already indicated that I expect increased demands for holiday tours to Eastern Europe, not only from the Community but from all over the world. This may turn into an important source of income, but to make money one has to spend money. Investments will be needed to develop the infrastructure, preferably private investments. What we need to do is sit down with our partners and discuss if there are any regulatory or other barriers that can be taken away so that the tourism industry can develop itself freely;
- and last, but certainly not least, there is the question of congestion. If we could reach agreement between the Member States of the EEC and the countries from Eastern Europe on the use of the air space and on a better coordination of air traffic flow management we could solve many of the existing problems."

Mr Van Miert added that we should recognize that it may take some time for some of the airlines from Eastern Europe to prepare themselves for operating in a competitive market. He remarked that already now companies like Lufthansa and Interflug had agreed to work closely together in the operational, technical and management fields. "I hope that other combinations will emerge, because I consider that the best way forward."